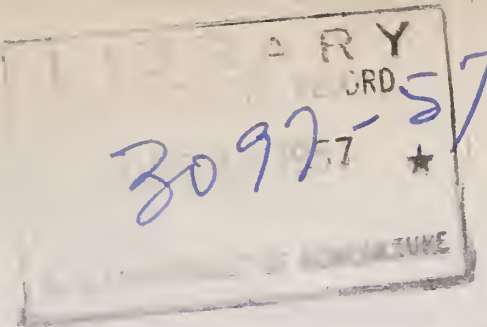


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October 1957
FOR RELEASE
OCT. 16, A. M.

The DEMAND and PRICE SITUATION

DPS-34



Approved by the Outlook and Situation Board, October 10, 1957

SUMMARY

General business activity has been maintained in recent months near record levels. While industrial production and employment have remained relatively stable, consumer incomes and retail sales have advanced each month to new highs. Retail sales of food stores, drug stores and gasoline service stations have registered above average gains. Part of the gains in retail sales, however, reflect higher consumer prices during the summer.

Average prices of livestock and products declined fractionally in the month ended in mid-September under the impact of seasonal increases in slaughter of hogs and cattle. Price declines for meat animals were partly offset by gains in prices of eggs and milk. Although livestock prices may decline seasonally in coming months, prices of cattle, eggs and milk are expected to remain above year ago levels.

Crop prices declined 2 percent in the month ended September 15. Lower prices for feed grains reflect big supplies and vegetable prices are declining with seasonally larger supplies. Further gains in prospects for crop production occurred in September, with the all crop

(Continued on page 3)

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1956		1957			
		Year	Sept.	June	July	Aug.	Sept.
Industrial production: Seasonally adj. <u>1/</u>							
Total	1947-49=100	143	144	144	144	144	
All manufactures	do.	144	146	146	146	146	
Durable goods	do.	159	162	162	162	162	
Nondurable goods	do.	129	130	130	130	131	
Minerals	do.	129	131	128	127	128	
Construction:							
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	46,060	3,857	3,930	3,857	3,966	4,017
Private residential	Mil. dol.	17,632	1,459	1,354	1,357	1,375	1,399
Housing starts <u>3/ 4/</u>	Thousands	1,118	1,008	970	980	1,010	
Construction contracts awarded <u>5/</u>	Mil. dol.		2,575	3,243	2,901		
Manufacturers' sales and inventories: <u>2/</u>							
Total sales, seasonally adjusted	Mil. dol.	27,711	27,146	28,142	28,917	28,600	
Durable goods	Mil. dol.	13,805	13,449	14,207	14,642	14,200	
Unfilled orders-sales ratio <u>6/</u>		4.42	4.50	4.02	3.84		
Inventory-sales ratio <u>7/</u>		1.89	1.87	1.91	1.87	1.89	
Durable goods		2.22	2.19	2.21	2.17	2.24	
Employment and wages: <u>8/</u>							
Total civilian employment <u>9/</u>	Millions	65.0	66.1	66.5	67.2	66.4	
Nonagricultural <u>9/</u>	do.	58.4	58.7	59.0	59.4	59.6	
Unemployment <u>9/</u>	do.	2.6	2.0	3.3	3.0	2.6	
Workweek in manufacturing	Hours	40.4	40.7	40.0	39.7	39.9	
Hourly earnings in manufacturing	Dollars	1.98	2.01	2.07	2.07	2.07	
Income and spending:							
Personal income payments <u>2/ 3/</u>	Bil. dol.	326.9	331.1	344.8	346.2	347.3	
Consumer credit outstanding <u>1/</u>	Mil. dol.	41,863	40,074	42,245	42,365	42,881	
Automobile	Mil. dol.	14,436	14,533	15,092	15,295	15,455	
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	15,811	15,865	16,783	17,033	17,249	
Durable goods	Mil. dol.	5,484	5,356	5,806	5,850	5,862	
Inventory-sales ratio <u>7/</u>		1.51	1.48	1.44	1.41	1.41	
Prices:							
Wholesale prices, all commodities <u>4/</u>	1947-49=100	114	116	117	118	118	
Commodities other than farm and food	do.	122	123	125	126	126	
Farm products	do.	88	90	91	93	93	
Foods processed	do.	102	104	106	107	107	
Consumer price index, all items <u>4/</u>	1947-49=100	116	117	120	121	121	
Food	do.	112	113	116	117	118	
Prices received by farmers <u>10/</u>	1910-14=100	235	236	244	247	248	245
Crops	do.	240	233	241	239	233	228
Livestock and products	do.	230	239	245	254	260	259
Prices paid, interest, taxes and wage rates <u>10/</u>	1910-14=100	286	287	296	295	295	296
Family living items	do.	278	279	287	287	287	288
Production items	do.	249	252	257	257	257	258
Parity ratio <u>10/</u>		82	82	82	84	84	83
Farm income and marketings: <u>10/</u>							
Volume of farm marketings	1947-49=100	120	143	97	111		
Cash receipts from farm marketings	Mil. dol.	30,372	3,066	2,070	2,441		

Annual data for most of these items for the years 1929, 1932 and 1939-56 appear on page 31 of the April 1957 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates. 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Data for 37 Eastern States, compiled by the Department of Commerce from reports of the F. W. Dodge Corporation. 6/ Unfilled orders for durables divided by monthly deliveries. 7/ Inventories, book value, end of month, divided by sales. 8/ Bureau of the Census. 9/ Starting with January 1957, figures are not strictly comparable with earlier periods because of changes in definitions of employment and unemployment. 10/ U. S. Department of Agriculture, Agricultural Marketing Service.

T H E D E M A N D A N D P R I C E S I T U A T I O N

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production index now equal to the record output in 1956 and 1948. Important increases in output are indicated for corn, soybeans, and sorghum grains as well as a number of other crops.

Farmers' receipts from marketings in the first 9 months of 1957 were about the same as in the same period a year earlier. Receipts of livestock and products rose 5 percent as gains from cattle, hogs and milk more than offset declines in chickens and eggs. Crop receipts were down 7 percent from last year with prices averaging 2 percent lower and marketings about 4 percent lower. In September crop receipts were running well below a year earlier, mainly because of delayed ginnings of cotton and smaller marketings of flue-cured tobacco.

Commodity Highlights

As hog slaughter has increased seasonally, hog prices in early October were down nearly \$4 per 100 pounds from the August highs. Further price declines are expected this fall before seasonal recovery begins. Prices this winter will likely be close to last winter.

Prices of eggs for the rest of 1957 are likely to continue above a year earlier as the number of layers on hand will be lower than last year. Broiler prices in the past few weeks have declined further from the 18.6 cents per pound in mid-September. With both the demand and supplies of broilers expected to decline for the remainder of 1957, no further sharp price changes are likely for the next 8 or 10 weeks.

Soybean oil prices during the last quarter of this year probably will average somewhat lower than a year earlier. The supply of peanuts is the greatest since 1950 and farm prices are likely to average near the CCC support loan values.

Feed grain prices have declined with record high sorghums harvest and large crops of other feed grains. Prices in mid-September were 18 percent below a year earlier. Prices will probably continue below a year earlier this fall and winter though the decline will not be as sharp as a year earlier.

By the end of September cash wheat prices were generally 5 to 10 cents a bushel above the August lows, but still 2 to 9 cents below the July highs.

Fresh market shipment of 1957-58 Florida grapefruit crop started in early September, and auction market prices averaged in late September considerably below a year ago. In September, fall and winter apple varieties reached market in increasing volume, and prices at various shipping points averaged somewhat under a year earlier. Prices of Western Bartlett and Bosc pears, however, averaged higher than a year earlier.

With smaller supplies of processed vegetables into mid-1958, and increased processing and distribution costs, prices at the retail level are expected to average a little higher than those of a year earlier. This fall and winter, supplies of potatoes will be significantly smaller than a year ago, because of a smaller fall crop and an anticipated smaller winter crop.

Average prices received by domestic growers for shorn wool declined 4.8 cents per pound, grease basis, between June and September. But the average in September was more than 9 cents above a year earlier.

Production of most kinds of tobacco is substantially below last year, mainly due to reduced acreage; the carryover of most kinds of tobacco is large and supplies for 1957-58 will be only moderately lower than in 1956-57.

GENERAL BUSINESS ACTIVITY

Business activity was maintained near record levels through the summer. Personal income continued each month to reach new highs. Retail sales in recent months have been an important element of strength in the economy. Industrial production and employment, however, have been stable throughout the summer. Construction outlays reached a new record in September. After increasing through the summer, prices received by farmers have declined slightly under the impact of seasonally heavy marketings. There is some indication that wholesale prices are leveling off in September.

Income of consumers in August increased to an annual rate of 347.5 billion dollars, up more than 1 billion from July and 5 billion dollars above the April-June quarter of 1957. Approximately half the rise in total income occurred in wages and salaries. With seasonally adjusted nonfarm employment showing little change since June, the rise in wages and salaries was due largely to a further increase in wage rates.

The advance of retail sales in July and August indicates that consumer demand is a significant element of strength in the economy. While higher prices were responsible for part of the gain in dollar sales, over one-half of the gain from a year ago represents an increase in the volume of sales. Nondurable goods store sales increased each month this year. Durable goods store sales after declining in the early months of 1957 have registered gains since April. Retail sales as a percent of disposable income rose to 68 percent in the summer of 1957 compared with an average of 66 percent in the summer of 1956. Most of the increase in the retail store share of the income dollar was in nondurable goods store sales, particularly food stores, gasoline service stations, general merchandise and drug stores.

Consumer installment credit outstanding, seasonally adjusted, in August increased 270 million dollars. Automobile paper, personal loans and other consumer goods paper increased.

While industrial production after seasonal adjustment has remained stable during the summer, sales of manufacturers declined to 28.6 billion dollars in August, down 400 million from July. New orders of 27.2 billion dollars in August, slightly above the low for the year, were 1.4 billion dollars below sales. The weakness of new orders in relation to sales is reflected in the declining trend of unfilled orders in recent months. In August unfilled orders were 1.5 billion below July and down 6.3 billion from August 1956. Inventory book values in August remained at the July level of 54.1 billion dollars, up 3.6 billion from a year ago.

New orders for machine tools declined in August after a sharp recovery in July. With shipments above new orders the estimated backlog of unfilled orders was reduced to the lowest level of the year.

Labor market conditions, based upon reports of local public employment offices in 149 major areas through the middle of November, indicate a modest uptrend in employment. The anticipated increase is smaller than a year ago. The changes indicated are generally small in amount, and tied to seasonal developments. Most of the gains will be concentrated in nonmanufacturing industries, centered in the pre-Christmas expansion of trade. Some manufacturing gains are expected, but the employment outlook is somewhat less favorable than a year ago. One factor is the scheduled additional curtailment of aircraft employment in some areas by mid-November. With the completion of model changeovers, gains are expected in the automotive industry as full-scale production begins on 1958 models. Orders for auto components may contribute to employment increases in fabricated metals and electrical machinery centers. Food processing and construction are expected to decline seasonally, limiting the overall gains in employment this fall.

Construction outlays, seasonally adjusted, for September reached a new record of 4,017 million dollars. For the July-September quarter, outlays were at an annual rate of 47.4 billion dollars, compared with 46.8 billion dollars for the first half of 1957, and actual outlays of 46.1 billion dollars in 1956. Private outlays increased in September to 2.8 billion dollars, slightly above August. Outlays for residential buildings and public utilities increased while industrial construction continued the downtrend evident since April. Public outlays continued to expand in September, principally because of gains in highway construction, military facilities, and conservation and development work.

The mid year review of the Federal budget for fiscal year 1958 indicates that budget expenditures will total 72.0 billion dollars, 2.6 billion higher than in fiscal year 1957. Budget receipts for 1957-58, which reflect prospects for a higher level of economic activity, are estimated at 73.5 billion dollars, up 2.5 billion. Practically all the increase will be from individual income taxes. A budget surplus of 1.5 billion dollars is expected. This is about the same as in fiscal year 1957.

Of total budget expenditures, major national security programs will continue to account for 60 cents out of each dollar. The estimated level of 44.1 billion dollars is slightly below fiscal year 1957. Small reductions in the Armed Forces and the Mutual Security program will be partially offset by increases in atomic energy and stock piling of strategic and critical materials. Interest payments on the public debt are expected to increase as maturing securities are refinanced at higher current market rates of interest.

Expenditures for agricultural programs are expected to rise in the current fiscal year to 5.0 billion dollars, up 400 million from the preceding year. Although appropriations for the Soil Bank Program were reduced substantially for fiscal year 1958, expenditures under the program in 1957-58 may exceed fiscal year 1957 by about 265 million dollars. Higher expenditures are also scheduled for the price support programs of the Commodity Credit Corporation and increased Rural Electrification Administration lending activities. Increases in the expenditures for veterans, labor and welfare, as well as all other categories except general Government are expected in fiscal year 1958.

Table 1.--Federal budget receipts, expenditures, and surplus, 1954-58
(Fiscal years ending June 30)

Item	: 1954	: 1955	: 1956	: 1957	: Estimated 1958
	: Bil.	: Bil.	: Bil.	: Bil.	: Bil.
	: <u>dol.</u>	: <u>dol.</u>	: <u>dol.</u>	: <u>dol.</u>	: <u>dol.</u>
Budget receipts: ^{1/}					
Individual income taxes	: 29.5	28.7	32.2	35.6	38.1
Corporation income taxes	: 21.1	17.9	20.9	21.2	21.1
Excise taxes	: 9.9	9.1	9.9	9.1	8.9
Other taxes and miscellaneous receipts	: 4.1	4.7	5.2	5.1	5.4
Total	: 64.7	60.4	68.1	71.0	73.5
Budget expenditures:					
Major national security	: 47.9	42.1	41.8	44.3	44.1
Interest	: 6.5	6.4	6.8	7.3	7.9
Agriculture and agricultural resources	: 2.6	4.4	4.9	4.6	5.0
Veterans' services and benefits	: 4.3	4.5	4.8	4.8	5.0
Labor and welfare	: 2.5	2.6	2.8	3.0	3.4
All other	: 4.1	4.6	5.4	5.4	6.5
Total	: 67.8	64.6	66.5	69.4	72.0
Budget surplus (+) or deficit (-)	: -3.1	-4.2	+1.6	+1.6	+1.5

^{1/} Net of refunds and transfers.

Note: Detail may not add to totals shown because of rounding.
Bureau of the Budget.

Wholesale prices in August increased fractionally from July to 118.3 (1947-49=100). Prices of industrial and farm products increased slightly while prices of processed foods declined. The weekly wholesale price index for the week ended September 23 indicates a small decline in all commodities since August. Lower prices are indicated for farm products and processed foods as well as for industrial products.

Urban consumer prices in August reached 121.0 (1947-49=100). Larger than average increases in food prices were reported with smaller increases for most of the other groups. This was the 12th consecutive monthly advance, and the August level was 3.6 percent above that of a year ago. Food prices during the same period were up 4.2 percent.

Prices paid by farmers, after remaining unchanged for 5 months, rose 1 point in September to 296 (1910-14=100), 3 percent above a year ago. Both living and production goods recorded small increases. At 288 the family living index reached an all-time high as clothing prices averaged sharply higher with slightly lower food prices. The production goods index rose 1 point from August, but it was 6 percent below the all-time September high of 1951. The motor supplies index increased mainly because of higher gasoline prices; fertilizer prices were also up slightly. Feed prices continued the decline that began in January.

Prices received by farmers declined 1 percent from August to September to 245 (1910-14=100). Livestock and product prices declined only 1 index point, as gains for dairy products and eggs nearly offset price declines for meat animals and wool. An increase in the average price of wholesale milk was primarily responsible for the rise in average prices of dairy products. Egg prices in mid-September were up over 10 percent from a month earlier. Turkey prices moved up slightly but broiler prices dropped more than 10 percent. Lower prices for both hogs and beef cattle were primarily responsible for the 3 percent decline in the meat animal index to 291 from the year's high of 301 in mid-August. Hog prices averaged \$19.10 per cwt., off 90 cents from mid-August, and beef cattle prices of \$17.70, were off 50 cents.

Crop prices declined 2 percent to 228 (1910-14=100) in the month ended mid-September. Lower prices for feed grains and hay, oil-bearing crops, fruits and vegetables more than offset increases in cotton and tobacco prices. With record supplies available, the index of feed grain prices in mid-September was the lowest since September 1945. The fruit index was 3.5 percent below August and at the lowest level since November 1955. Vegetable prices averaged 11 percent below August, but 22 percent above September 1956. Potato prices declined 8 percent from August to September and were 2 percent below September 1956.

The parity ratio declined 1 point to 83 in September, as the index of prices received was down and the index of prices paid for commodities and services, interest, taxes and wage rates was up slightly. The ratio was 1 point higher than on September 15, 1956.

Prices of farm commodities on major central markets averaged the same in early October as in mid-September. The price trends were mixed, with substantially higher Midwestern egg prices and smaller increases for rye and barley at Minneapolis, cotton (14 market average), and wheat at Kansas City. Butterfat at Chicago remained unchanged. Prices of sorghum grains were lower at Kansas City reflecting the record crop; corn prices at Chicago also declined. Prices of hogs at Chicago declined seasonally, while prices of North Georgia broilers were down sharply.

UNITED STATES IMPORTS

United States imports during the first half of 1957 rose less than 2 percent from a year earlier; exports were up 22 percent. Impressive import gains, however, were made in finished consumers' and producers' manufactures which accounted for about one-fifth of the total. The largest percentage rise was in automobiles, although imports of machinery and finished steel products also advanced. The source of most of these products is Western Europe, mainly

Table 2.- United States Agricultural Imports, Fiscal Years ending June 30, 1951-55, 1956-57

Item	1956-57				
	:1951-55:	:1955-56:	Value	Change in:	Change in
	: <u>1/</u> :	: :		value from:	quantity from
	: :	: :		1955-56	1955-56
	: Million	: Million	: Million	Percent	Percent
	: <u>dollars</u>	: <u>dollars</u>	: <u>dollars</u>	<u>2/</u>	<u>2/</u>
Sugar	: 412	441	441	<u>3/</u>	-3
Meats	: 153	145	135	-7	n.a.
Apparel wool	: 296	148	116	-22	-30
Vegetable oils & oilseeds	: 174	126	133	5	<u>4/</u> -4
Fruits, nuts and preps.	: 120	138	123	-11	n.a.
Grains, grain products and feeds	: 169	87	102	16	<u>4/</u> 6
Tobacco leaf	: 77	79	84	6	4
Dairy products	: 40	42	42	1	<u>4/</u> 6
Other supplementary	: 434	377	363	-4	n.a.
Total supplementary	: 1,875	1,583	1,539	-3	<u>4/</u> -3
Coffee	: 1,399	1,451	1,396	-4	-7
Crude rubber	: 509	456	344	-22	-15
Carpet wool	: 101	120	104	-13	-17
Cocoa or cocoa beans	: 197	167	122	-27	-12
Tea	: 51	51	53	3	1
Bananas	: 60	69	69	<u>3/</u>	-1
Other complementary	: 211	189	173	-8	n.a.
Total complementary	: 2,528	2,503	2,261	-10	<u>4/</u> -7
Total agricultural	: 4,403	4,086	3,800	-7	<u>4/</u> -6

1/ Reflects unusually high import value in 1950-51 in connection with the attack on Korea, especially for industrial raw materials.

2/ Calculated on basis of unrounded data.

3/ Less than .5.

4/ Index of quantity, calendar years 1924-29=100.

Germany and the United Kingdom, and consequently the largest rise in imports thus far in 1957 has been from that area. Among industrial raw materials, which comprise about half of U. S. imports, crude petroleum and residual fuel oil rose sharply. Ferroalloys and zinc imports also increased but declines in rubber, sawmill products, wool and tin offset these gains. Except for petroleum, raw material imports were down about 5 percent from the first half of 1956. Expanded petroleum shipments from Venezuela were mainly responsible for an overall 5 percent rise in imports from Latin America. Imports of food showed little change from the first half of 1956. The lower values of coffee and cocoa about offset larger imports of sugar, meat and other commodities.

Imports of agricultural commodities as a whole in the first half of 1957 continued the trend of the previous six months. They totaled 3.8 billion dollars in 1956-57, 7 percent less than the year before and 14 percent less than the 1951-55 average. Notable declines occurred in rubber (112 million dollars), coffee (55 million), cocoa beans (45 million), and wool (48 million). Due to lower prices, the aggregate import value of rubber, cocoa, hides and skins declined more than quantity. Higher prices to some extent offset the effect of lower volume on the aggregate value of coffee and wool imports. For most other commodities, changes from 1955-56 were relatively small. Exceptions were a 10 million dollar increase in oats and 12 million dollar declines in cotton and blackstrap molasses.

The decline in agricultural imports during the past 2 years is in contrast to the general expansion of U. S. export and import trade. The declining importance of agricultural commodities relative to total U. S. imports follows a long term trend already evident in the prewar period. During 1946-50 about 46 percent of U. S. imports for consumption consisted of farm products. Nonagricultural imports in this period were limited by war damage abroad. During the following five years agricultural imports averaged 42 percent of the total but dropped to 30 percent in 1956-57. Total imports rose from an average of 6 billion dollars during the early postwar years to a more-or-less steady 10½ billion during 1951-55. In each of the past two years they exceeded 12 billion dollars, reaching a record 12.7 billion 1956-57. This high level of imports, the main source of foreign dollar earnings, was a major factor in rebuilding gold and dollar reserves abroad and helped support world demand for U. S. exports. (Table 3.)

Postwar changes in the pattern of U. S. imports generally have paralleled changes in this country's economic activity; however, imports have been smaller relative to total output (GNP) than during the interwar period. Industrial raw materials, oil, newsprint and raw materials for durable goods industries, have risen above like imports during the prewar period. In part this reflects the expansion of American owned producing facilities abroad. On the other hand, agricultural raw materials for nondurable goods industries fell off. Demand lessened for imports of silk, carpet wool and leather due to increased domestic production of synthetics. Moreover, this country's self-sufficiency in the production of cattle hides, fats and oils and long staple cotton has been increasing.

Table 3.--United States agricultural imports with comparisons, 1920-1957

Year ending June 30:	Total	Non- agricul- tural	Agricul- tural	Agricul- tural as percent of total	Supple- mentary agricul- tural <u>1/</u>	Supplementary as percent of total agricultural
	Million dollars	Million dollars	Million dollars	Percent	Million dollars	Percent
1920-24	3,767	1,609	2,158	57	1,288	60
1925-29	4,196	1,948	2,248	54	996	44
1930-34	2,171	1,101	1,070	49	495	46
1935-39	2,260	1,107	1,153	51	616	53
1946-50	5,985	3,261	2,724	46	1,390	51
1951-55	10,604	6,301	4,403	42	1,875	43
1956	12,095	8,009	4,086	34	1,583	39
1957	12,672	8,872	3,800	30	1,539	40

1/ Supplementary agricultural imports are defined as those similar to or readily interchangeable with commodities commercially produced in the U. S.

In reporting agricultural imports, the Foreign Agricultural Service differentiates between supplementary and complementary commodities. Both categories contain food and nonfood items. Supplementary imports, the most important of which are sugar and apparel wool, are defined as those similar to, or readily interchangeable with, commodities commercially produced in the United States. Such imports fluctuate widely with changes in domestic supplies and are often subject to tariffs. Import quotas are applied to supplementary commodities imports of which were found to interfere with price support operations. Quotas are currently in effect on wheat, rye, cotton, dairy products, peanuts and peanut oil, flaxseed, linseed oil and tung oil. Supplementary requirements for sugar are apportioned to foreign suppliers under the Sugar Act. Except for periods of drought or some other unusual influx of imports, supplementary imports have declined in importance. With a few exceptions, they represent a small part of total domestic supply.

Complementary imports, those not falling within the above definitions, are generally free of tariff and import controls. The most important examples are coffee, cocoa, tea, crude rubber and carpet wool. Imports of these commodities are affected principally by available foreign supplies, relative prices and U. S. purchasing power.

FARM INCOME

Farmers received 20.5 billion dollars from marketings in the first 9 months of 1957, about the same as in the corresponding period last year. Prices averaged 3 percent above a year ago, but marketings were a little smaller. Receipts from livestock and products of 12.5 billion dollars were 5 percent more than in 1956 because of higher average prices. Larger receipts from cattle, hogs, and milk more than offset a decline in receipts from eggs. Crop receipts of 8.0 billion dollars were down 7 percent from last year with prices averaging 2 percent lower and marketings 4 percent lower. Receipts from wheat, cotton and potatoes were down rather sharply.

Total cash receipts in September were about 2.9 billion dollars, 5 percent below September of 1956. Prices averaged 4 percent higher than last year but marketings were down about 8 percent. Receipts from livestock and products of 1.5 billion dollars were 8 percent above last September, reflecting higher prices for cattle and hogs. Crop receipts of about 1.4 billion dollars were down 17 percent from September 1956, mostly because of delayed ginnings of cotton and also smaller marketings from a sharply reduced crop of flue-cured tobacco.

LIVESTOCK AND MEAT

Seasonal increases in slaughter brought lower prices for hogs and some price weakness for other meat animals. Hog prices in early October were down nearly \$4 per 100 pounds from the August highs. Fed cattle prices declined during heavy marketing of long-feds. Prices of feeder cattle also slipped off a bit.

Hog slaughter will continue seasonally upward but will probably average slightly below a year earlier until late this fall. This winter and next spring slaughter will likely be a little above year earlier levels. Further price declines are expected this fall before seasonal recovery begins. Prices this winter will likely be close to the levels of last winter.

Cattle slaughter this fall, although seasonally large, will not equal the record levels of last fall. Market supplies of fed cattle may be about as large but those of grass cattle will continue smaller. Fed cattle prices early in October averaged below prices a year before with the top grades down but the lower grades up. Prices are expected to hold up fairly well, in contrast to a marked decline last fall, and by the last few weeks of 1957 will likely average above last year's prices. Sustained by near-record feed harvests, demand for feeder cattle will continue strong, and no more than moderate seasonal price declines are likely.

Prices of lambs have been bolstered by demand for ewe lambs for restocking. Demand for feeder lambs also is strong. Lambs are coming off the range in good flesh, however, and many will be heavier than desired for feeding. If too few light lambs are available for feeding to late winter sale, supplies of lambs for slaughter at that season possibly will be rather small.

DAIRY PRODUCTS

Prices to farmers for milk and butterfat probably will continue above a year earlier through the rest of 1957. In the first 9 months of the year the price of both milk and butterfat averaged 2 percent above a year earlier. For both items, the increase over 1956 has been much smaller in recent months than earlier in the year. With both higher prices and larger milk sales, cash receipts from the sale of milk are showing another increase this year.

Production of milk per cow continues to set new records. Total production of milk has continued above the record high level of 1956, though the number of cows seems to be showing another decline. Output for the year will exceed last year's record of 125.7 billion pounds, by around 1.5 billion pounds. Favorable milk-feed price relationships are helping to maintain the record rate of milk production. Pasture conditions for the country as a whole also are much better this year than in other recent years.

Per capita consumption of most dairy products has been running near the level of a year earlier.

Recent purchases under the price-support program have exceeded those in 1956; the largest increase has been in cheese purchases. In terms of milk equivalent of butter and cheese, purchases were about 20 percent above last year. The increase for nonfat dry milk was smaller.

EGGS AND POULTRY

Egg prices steadied after their early September declines. At 40.0 cents per dozen in mid-September, they were higher than any preceeding mid-month price in 1957, and 1.4 cents above a year earlier. Prices received by farmers for eggs in mid-September exceeded the same month a year earlier for the first time this year, although some specific grades were higher at wholesale markets in August.

Prices for the rest of the year and in early 1958 are likely to continue above 12 months earlier. Although total egg production has probably passed its seasonal low point, production this year will recover more slowly than usual. The number of layers on hand will decline relative to last year and on January 1 may be as much as 5 percent under a year earlier. This would tend to slow the seasonal egg price decline which generally occurs in the last quarter of each year, and to result this year in a less abrupt price decline than usual.

Turkey marketings from farms for the remainder of 1957 will be slightly smaller than in the same months of 1956. This year's increase in turkey production was entirely in early-hatched birds, which for the most part have already been slaughtered. Storage stocks, on September 1, were 100 million pounds, 47 million pounds greater than a year earlier. Farmers prices in mid-September averaged 22.9 cents per pound, compared with 26.7 cents last September.

Farmers' broiler prices, at 18.6 cents per pound in mid-September, were the lowest since mid-January and close to the 18.2 cents of mid-September 1956. By early October the price had declined further. Supplies for the remainder of 1957 are declining, but are well above a year ago. Demand for broilers ordinarily declines too at this season, so no further sharp price changes are likely for 8 or 10 weeks.

OILSEEDS, FATS AND OILS

Available supplies of food fats and oils, including all oilseeds produced, in the marketing year that began October 1 will be somewhat larger than in 1956-57. Beginning stocks will be lower but output will be greater. More soybean oil and lard will be produced but a little less cottonseed oil.

The available supply is far in excess of probable domestic use and foreign markets will again be an important outlet for U. S. fats, oils, and oilseeds. Because of larger supplies in some foreign countries, U. S. fats and oils may meet increased competition in world markets during 1957-58.

The 1957 soybean crop is now estimated at a record 487 million bushels, 7 percent above 1956, the previous high. The large production is the result of the highest acreage of record and also record yields. The indicated yield of 22.5 bushels per acre compares with 21.8 bushels last year. The previous record yield was 22.3 bushels per harvested acre in 1949.

Soybean farm prices during most of the 1957 harvesting season probably will average near the national support level of \$2.09 per bushel. The size of foreign crops, such as Mediterranean olive oil, African peanuts, and Indian and Chinese oilseeds, for which reasonably reliable estimates will not be available until late 1957 or early 1958, are likely to have considerable influence on U. S. soybean prices later in the season.

Soybean oil prices during the heavy October-December 1957 marketing period are likely to average somewhat lower than a year earlier. Some factors that helped to strengthen prices a year earlier are not operating this year. In the fall of the 1956 season when supplies were tight, demand increased because of a backlog of unfilled P. L. 480 orders and the blockage of the Suez Canal.

On the other hand, there still will be some factors that will tend to strengthen the early season demand for soybean oil though probably not as much as a year earlier. In October-December domestic users may have to replenish stocks reduced earlier. Purchases for export under P. L. 480 also may be substantial. Furthermore, supplies of competitive cottonseed oil are expected to be somewhat smaller, making bean oil prices relatively more attractive for use in end products. Cottonseed oil prices probably will average near the level of a year earlier.

Lard prices during the 1956-57 season averaged moderately above a year earlier but the price differential between the two years has been narrowing. In early October, prices were slightly less than a year earlier. Output of lard in the marketing year that began October 1 is forecast at around 2,750 million pounds compared with 2,650 million estimated for 1956-57. The increase would reflect chiefly the small rise expected in hog slaughter. Hog slaughter is expected to continue below last year's rate until late 1957, then to rise above a year earlier in 1958.

The supply of peanuts during the 1957-58 marketing year is about the same as last year but otherwise the largest since 1950 and well above probable domestic needs. Assuming consumption and farm uses about the same as in 1956-57, nearly 20 percent of the 1957 crop peanuts would be available for crushing, exports and addition to stocks. Most of the excess peanuts will be acquired by CCC under the support program. Farm prices are likely to average near the support program loan value, which is slightly lower than a year earlier.

The 1957 flaxseed crop deteriorated further in September and is now forecast at 27 million bushels, the smallest since 1946, and only slightly more than half the 1956 output. The yield per acre, indicated at 5.1 bushels, is the lowest since 1936 and compares with 8.8 bushels last year.

FEED

Cash market prices of corn and sorghum grains declined in late September and early October with the harvesting of these crops in the Mid-west. The price of No. 2 Yellow corn at Chicago averaged \$1.20 per bushel for the week ended October 5, 17 cents per bushel below the summer high of \$1.37 per bushel reached in July. The decline in sorghum grain prices has been much greater, reflecting the record crop. The Kansas City price dropped from \$2.28 per 100 pounds in late July to \$1.61 in early October. Prices of each of the four feed grains have been lower than a year earlier in recent months and prices received by farmers in mid-September averaged 18 percent lower. Feed grain prices probably will continue lower than a year earlier this fall and winter though the decline from the September level may not be as great as last year. Prices of high-protein feeds averaged about the same as a year earlier in September and early October, although soybean meal prices have declined seasonally since late August.

The national average support price for 1957 corn was announced on October 2 at \$1.40 per bushel. This rate applies to farmers in the commercial area who planted within their 1957 acreage allotments. For farmers in the commercial area who over-planted their allotments, the basic support rate will be \$1.10 per bushel. Revised national average support prices for other feed grains are as follows: oats 61 cents per bushel, barley 95 cents per bushel, and sorghum grain \$1.86 per 100 pounds.

The total supply of all feed concentrates was estimated in October at 214 million tons, 7 percent larger than the big supply last year and the largest on record, both in total and per grain-consuming animal unit. This includes record carryover stocks, and a record production of feed grains, and another large supply of byproduct feeds. The feed grain crop is estimated to be somewhat larger than needed to meet 1957-58 requirements and further increase in carryover stocks is expected at the close of the season.

WHEAT

Cash wheat prices on October 9 were generally 6 to 12 cents above the lows and only 2 to 4 cents below the highs reached thus far in the current marketing year. With the pick-up in exports, prices have resumed their seasonal advance following the low prices in mid-September.

The price of No. 2 Hard Red Winter at Kansas City, at \$2.11, was 12 cents below the effective support rate, and No. 2 Soft Red Winter at St. Louis, at \$2.15 was 8 cents below. Supplies of hard red winter are very large but soft red winter is greatly reduced from a year ago. The price of No. 1 Dark Northern Spring at Minneapolis, at \$2.32, however, was 4 cents above and that of No. 1 Soft White at Portland, 18 cents above the effective loan levels. Supplies of hard red spring wheat are about the same as a year ago though about 5 percent above the 1952-56 average. White wheat is down a third from a year ago and export demand continues strong.

Through September 15, 98 million bushels of 1957-crop wheat had been put under price support loan and purchase agreements. This compares with 163 million bushels of 1956-crop wheat on the same date a year ago, and 124 million by September 15, 1955. During the 30 day period, August 15-September 15, 1957, however, a total of 62 million were put under support compared with 54 million during the same 30 day period in 1956. The winter wheat crop this year was 2 to 3 weeks late and 6 percent below a year ago.

Supplies of wheat for the marketing year which began July 1, 1957 total 1,840 million bushels, 198 million bushels less than the record large supplies last year. They are also below 1955-56 and 1954-55, but above any previous year. Total supplies include the carryover of 905 million bushels, the crop estimated at 927 million bushels as of October 1, and probable imports of about 8 million bushels.

Domestic disappearance for 1957-58 is estimated at about 590 million bushels, slightly above that in the past year. Assuming exports of about 400 million bushels which are very large but sharply below the all-time record of 547 million bushels in 1956-57, the carryover July 1, 1958 would total about 850 million bushels. This would be 55 million bushels below the 905 million on July 1 this year.

According to preliminary reports from the 36 States in the commercial wheat area, about 3.81 million acres of winter wheat "allotment" land were put in the 1958 Acreage Reserve of the Soil Bank through the close of the winter wheat signup period October 4. This is 35.6 percent of the 10.69 million acres of winter wheat signed up last year.

FRUIT

Fresh market shipments of 1957-58 crop grapefruit from Florida started in early September, somewhat earlier than the start a year ago. Auction market prices declined as usual with increasing shipments, and in early October they averaged considerably less than a year earlier. Weekly shipments will continue to increase during October and then probably level off as usual. Light shipments of 1957-58 crop Florida oranges also were made in September, but heavy volume is not likely until sometime in October. Shipments of 1956-57 crop Valencia oranges from California have continued close to the same rate as last year. Auction prices for these oranges increased sharply during September to a level considerably above a year earlier.

Movement of Florida frozen orange concentrate into distribution channels during September continued somewhat heavier than a year earlier. Packers' stocks on September 28, 1957 were down to about 22 million gallons, 4 percent below a year earlier. Stocks will be reduced considerably more before manufacture from the new crop gets well under way in late fall. Movement of Florida canned single-strength orange juice through September 28 of the 1956-57 season was moderately heavier than in the same part of 1955-56. But it was not enough to offset the larger 1956-57 pack plus the increased carryover stocks last fall. As a result, the stocks of nearly 1.6 million cases (24-2's) on September 28 were about 83 percent above a year earlier. Stocks of other Florida canned citrus juices also were up considerably.

Important deciduous fruits harvested during fall include apples, pears, grapes and cranberries. In September, fall and winter varieties of apples, which usually comprise about 95 percent of the crop, reached the market in increasing volume. September prices to apple growers at various shipping points averaged somewhat under a year earlier. But prices for Western Bartlett and Bosc pears on the New York and Chicago auctions averaged higher. In California, shipping-point prices for leading varieties of grapes, such as the Tokay and Ribier, also averaged higher.

The 1957 season shipments of fresh cranberries started from Massachusetts the first week of September, about two weeks earlier than the start in 1956. Season-opening prices for these cranberries on the New York wholesale market averaged somewhat under opening prices in 1956. With production larger this year than in 1956 in all States except Wisconsin, the total crop is up about 8 percent. Fresh market supplies will be seasonally heavy over the next few months.

COMMERCIAL VEGETABLES

For Fresh Market

Vegetables for fresh market sale promise to be in somewhat smaller supply this fall than last but slightly above the 1949-55 average. The biggest cut from a year earlier is in early fall cabbage which was in extremely heavy supply in 1956. Although prospective production of individual items will vary from those of last fall, barring serious weather damage, most items are likely to be in ample supply.

Employment and disposable income are at high levels, and demand for food, including vegetables, continues strong. Prices received by growers for fall season vegetables are expected to average at least moderately above those of 1956.

For Processing

Supplies of processed vegetables available into mid-1958 promise to be a little smaller than the heavy supplies of last season but significantly above the 1949-55 average. Although 1957 prospective production is substantially smaller than a year ago, this is largely offset by much larger stocks at the beginning of the marketing season. Among canned vegetables, a number of items including sweet corn, tomato juice and most tomato products are expected to be down from the high levels of the previous season, but are likely to be moderately to significantly above average. Supply of green peas is record large, and snap beans probably will be near record. All other canned items are expected to be in plentiful supply. Indications are that supplies of frozen vegetables in the current season will continue at or near record levels.

With smaller supplies and increased processing and distribution costs, retail prices for processing vegetables into mid-1958 are expected to average a little higher than those of a year earlier.

POTATOES AND SWEETPOTATOES

Indications are that supplies of potatoes this fall and winter will be significantly smaller than the burdensome supplies of last fall and winter. Production for fall harvest is somewhat smaller than last year and farmers in Florida and California have indicated intentions to plant about a fifth less acreage for winter harvest. Marketing agreements and orders, which restrict marketings of tablestock potatoes to the more desirable grades and qualities, are again in effect in eight important producing States. And in late September the Department of Agriculture announced a potato diversion program for 1957 fall crop potatoes similar to the one in effect for the 1956 fall crop. The program will be available only in those areas where the industry develops and submits to the Department a marketing plan which meets the requirements of the program. The program promotes the marketing of good quality potatoes and

diversion of surplus lower grades and less desirable sizes to starch, flour and livestock feed. Supplementary payment rates are at the same level as for the 1956 program namely: 50 cents per hundredweight through December 31, 1957; 40 cents per hundredweight through March 31, 1958; and 30 cents through the remainder of the program but in no event later than May 31, 1958.

With smaller expected supplies of potatoes available during the fall and winter, prices received by farmers are likely to average substantially above the levels of a year earlier.

Demand for sweetpotatoes into next summer is expected to be about the same as in the corresponding months of 1956-57. Supplies available are moderately smaller than a year ago, with significant reductions in most commercial areas with storage facilities. Thus, less sweetpotatoes are likely to be available this coming winter and spring than a year earlier, and prices to growers are expected to average at least moderately higher than in the early months of 1956.

COTTON

The average 14-spot market price for Middling 1-inch cotton declined from 33.88 cents on September 1 to 33.18 cents on September 20. Since that time the price has tended to increase and on October 9 was 33.45 cents per pound. On October 9, 1956 the average price was 33.19 cents per pound.

Disappearance of cotton in the United States during the current season may decline to about 14 million bales. This compares with 16.2 million bales in the 1956-57 marketing year. Smaller use expected because of a sharp drop in exports from about 7.6 million bales in 1956-57 to between 5 and 6 million bales during 1957-58. Foreign countries are not expected to increase their stocks of cotton during the current season as they did during 1956-57. The Commodity Credit Corporation had sold about 3.7 million bales of cotton for export between August 15, 1957 and July 31, 1958, as of September 17. A year earlier sales for export as of approximately the same date were about 3.8 million bales. Exports of cotton during August 1957 were approximately 336,000 bales compared with about 423,000 in August 1956.

Funds available from U. S. Government programs to finance cotton exports in the fiscal year beginning July 1, 1957 were about 227 million dollars as of September 16. If completely used these funds would finance the export of about 1.5 million bales. In the preceding fiscal year about 404 million dollars were used and about 2.7 million bales exported. These data do not include approximately 951,000 bales transferred by CCC in 1956-57 for export under barter.

Domestic mill consumption of cotton during 1957-58 is expected to be about the same as the 8.6 million bales consumed in 1956-57. The average daily rate of use during August 1957 of 33,327 bales was up somewhat more than seasonally from July, but was almost 1 thousand bales less than the rate a year earlier.

Although the ratio of stocks of broadwoven goods to unfilled orders at mills declined in May, it increased during the subsequent two months. The rise probably indicates the current rate of mill consumption will continue for several months.

The 1957 cotton crop was estimated at 12,261,000 running bales of October 1. This indicates a total supply for the current season of 23.6 million bales compared with the record high of 27.6 million 1956-57.

The 1956-57 supply included a record high carryover of about 14.5 million bales. It was reduced to about 11.2 million bales on August 1, 1957 and is expected to drop to less than 10 million by August 1, 1958.

The 1957 crop is being harvested from about 13.7 million acres, the smallest since 1878. The highest average yield on record is expected on this small acreage, about 435 pounds per acre. This compares with the previous record of 417 pounds in 1955 and 409 pounds in 1956. Record high yields are indicated in Texas, Arizona and California.

WOOL

Early in October, prices of fine wool at the Australian auction centers were a little lower than a year earlier. They ranged between 5 and 10 percent below levels of late last June, the close of the 1956-57 Australian selling season.

In early October, Boston quotations for most domestic wools were a little lower than a month earlier. The declines varied with the description and ranged up to 10 cents per pound, clean, for good French combing and staple Texas wool.

Average prices received by domestic growers for shorn wool declined 4.8 cents per pound, grease basis, between June and September. The September average, 51.6 cents, was 9.4 cents above a year earlier. During the first 6 months of the 1957 domestic marketing season, the monthly averages ranged between 6.6 and 12.1 cents above the average for the entire 1956 season but between 5.6 and 11.1 cents below the incentive level of 62 cents.

World wool production in 1957 is currently estimated at 5,095 million pounds, grease basis, up about 2 percent from 1956. The estimate for 1957 includes production during the calendar year in the northern Hemisphere and production during the season beginning July 1 or October 1, of the same year in the Southern Hemisphere. The increase in 1957 is the tenth in succession.

The rate of domestic woolen and worsted mill use of apparel wool during August was 19 percent below that of August 1956. The average rate for January-August was 14 percent below 1956. Use of other animal fiber and reworked wool was down 11 percent, but woolen and worsted mill use of manmade fiber was up 15 percent. The net result was a decline of 10 percent in total fiber use in woolen spinning of yarn other than carpet and in worsted combing.

The average weekly rate of woolen mill use of carpet wool during January-August was 7 percent below a year earlier. But woolen mill use of manmade fiber in the spinning of carpet and rug yarn was nearly the same as a year earlier, and their use of other fiber, mostly reworked wool, was up 10 percent. The net result was a decline of 4 percent in total fiber use by woolen mills in the spinning of carpet yarn.

TOBACCO

By early October, this year's small crop of flue-cured tobacco was approximately four-fifths marketed. Through October 4, auction prices averaged 56.1 cents per pound 9 percent higher than in the comparable period of last season. About 5 percent of total market deliveries were placed under Government loan compared with about 20 percent in the comparable period of last season. The 1957 support level for flue-cured is 50.8 cents per pound--3.9 percent more than in 1956.

Marketings of most other types will begin late this fall or during the winter. The 1957 support level for burley is 51.7 cents per pound; for fire-cured, 38.8 cents; and for dark air-cured and sun-cured, 34.5 cents. These support levels are $7\frac{1}{2}$ percent higher than for the 1956 crops. The 1957 support for Maryland tobacco is 48.0 cents per pound--2 percent above last season.

Production of most kinds of tobacco is substantially below last year mainly because of reduced acreage as the result of smaller allotments and participation in the Soil Bank. Carryovers of most kinds are large, however, and supplies for 1957-58 will be only moderately lower than for 1956-57.

Cigarette consumption in 1957 will total a record high of about 405 billion if the estimated cigarette consumption rate for January-July is maintained. Nearly 392 billion cigarettes were consumed last year, and the previous high was 394 billion in 1952.

The output of smoking tobacco, chewing tobacco and snuff is likely to be about 3 or 4 percent less in 1957 than in 1956. Between May and July, wholesale prices of snuff, chewing and smoking tobaccos rose 7 to 17 percent. These were the first significant increases for smoking tobacco and snuff in several years. Prices of chewing tobacco after being stable for a long time, were first increased in late 1956.

Cigar and cigarillo consumption in 1957 is estimated at 6.2 billion, not much different than in 1956. Cigar manufacturers are utilizing processed binder on an increasing proportion of their output, and further displacement of natural leaf binders is likely in the year ahead.

The 1957-58 total supplies of cigar filler and binder will be smaller than for 1956-57. In the last 2 years, acreage reductions of the cigar binder types have been particularly sharp in the Connecticut Valley where a substantial share of allotted acreage was placed in the Soil Bank. This year's Government support levels for eligible cigar filler and binder types range from 23.2 to 53.8 cents per pound--most of them not much different than last year.

Exports of unmanufactured tobacco in calendar 1957 are expected to be around 475 million pounds (export weight)--about 7 percent below 1956 and 2 percent below the 1951-55 average.

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